

MINUTES
ALABAMA REAL ESTATE APPRAISERS BOARD
RSA UNION BUILDING
100 NORTH UNION STREET
SUITE 370
MONTGOMERY, ALABAMA
July 18-19, 2002

THURSDAY, July 18, 2002

MEMBERS PRESENT:

Mr. Steve Martin
Mr. Chester Mallory
Mrs. Jane Mardis
Mr. Mandell Tillman
Mr. Ronald Parker
Mr. R.L. Farmer, Jr.

MEMBERS ABSENT:

Mr. Wilder Cheney
Mr. Otis Stewart, Jr.
Mr. Gary Carter

OTHERS PRESENT:

Mr. J.W. Holland, Jr.
Mrs. Lisa Brooks
Ms. Neva Conway

- 1.0 With quorum present Mr. Parker, Chairman called the meeting to order at 1:11 p.m. The meeting was held at the RSA Union Building, 100 N. Union Street, 4th. Floor Conference Room, Montgomery, Alabama.
- 1.1 The meeting was opened with prayer by Mr. Martin and then the Pledge of Allegiance.
- 2.0 Members present were Mr. Steve Martin, Mr. Ronald Parker, Mrs. Jane Mardis, Mr. Chester Mallory, Mr. R.L. Farmer, Jr., and Mr. Mandell Tillman. Members absent were Mr. Gary Carter, Mr. Wilder Cheney and Mr. Otis Stewart, Jr.
- 3.0 On motion by Mrs. Mardis and second by Mr. Martin the regular minutes for June 20-21, 2002 were approved as written. All in favor, motion carried.
- 3.2 Ms. Conway informed the Board that the Disciplinary Hearing on Ms. Sarah Denise Hall would be held tomorrow, July 18, 2002 with Mr. Gregory Albritton representing her.

Ms. Conway told the Board that the Disciplinary Hearing that was scheduled for today on Mr. Milton Holley would be continued to August due to medical reasons.

Ms. Conway also informed the Board that Mr. Christopher Smith is appealing the denial of his reconsideration hearing to the Circuit Court in Montgomery County. Mr. Gregory Albritton is also representing Mr. Smith.

Ms. Conway informed the Board that the Disciplinary Hearing on Mr. Mark Bryant had to be continued due to a death in the family of the Administrative Law Judge and would be continued in September.

Ms. Conway discussed at length the appeal of the Knight case ruling in Clarke County, which was in their favor. After much discussion with the Board on recommendation by Assistant Attorney General Bill Garrett we will not pursue this appeal.

- 4.0 Ms. Conway informed the Board there would be a Board Member training session by the Examiners of Public Accounts/Sunset Review Committee in September. The Board Members are urged to attend.
- 5.0 On motion by Mr. Martin and second by Mrs. Mardis the following applications were voted on as listed. All in favor, motion carried.
- 5.1 **Trainee Real Property Appraiser applications approved:** James Davis, Julie Griffin, Steve Holcomb, Mark Kigerl, John Morris, Evan Myrick, William Nixon.
- 5.2 **State Registered Real Property Appraiser applications approved:** NONE
- 5.3 **Licensed Real Property Appraiser application approved:** Leland W. Faircloth, James Lott (Recip.)(NV), Don McPhail. **Application deferred:** Barton E. Prince.
- 5.4 **Certified Residential Real Property Appraiser applications approved:** Richard L. Bailey, Janet E. Coffey, Howard D. Thomas. **Applications deferred:** James F. Couch, II, Cynthia Sockwell.
- 5.5 **Certified General Real Property Appraiser applications approved:** Joseph N. Batrich, Michael Kent, Sr. (Recip.)(GA). **Applications deferred:** Frank E. Lindstrom, II.
- 6.0 Mr. Mallory gave the financial report informing the Board that we were 75% into the fiscal year and 72% into budget expenditures. Mr. Holland stated at this time there were no negative trends, which could not be reconciled. Mr. Holland informed the Board we are still waiting on Sen. Roger Bedford to sign off for the purchase of our new replacement vehicle, hopefully he will do this next week so we can proceed with that purchase. On motion by Mr. Parker and second by Mrs. Mardis the Board voted to accept the financial report as read. All in favor, motion carried.

- 6.1 On motion by Mr. Martin and second by Mr. Tillman the following education courses and instructor recommendations were approved or denied as indicated:

IAAO

- (C.E.) Course 101 – Fundamentals of Real Property Appraisal – 30 Hours - **Approved**
(Approved Instructor: William Gibbs, CAE)
Instructor approval to teach the aforementioned previously approved course.

MCKISSOCK, INC.

- (C.E.) *Factory-Built Housing – Virtual Classroom – 7 Hours - **Denied**
(Pending Instructor: Alan Simmons)
- *Course previously denied at the 11/09/01 Board meeting. RE: “dual appraisal” inconsistent policy.
- (C.E.) Appraiser Liability – Virtual Classroom – 7 Hours – **Approved**
(Approved Instructor: Alan Simmons)
- (C.E.) FHA Exam Preparation – Virtual Classroom – 7 Hours – **Approved**
(Approved Instructor: Alan Simmons)
- (C.E.) Construction Details and Trends – Virtual Classroom – 7 Hours – **Approved**
(Approved Instructor: Alan Simmons)
- (C.E.) Fair Housing – Virtual Classroom – 4 Hours – **Approved**
(Approved Instructor: Alan Simmons)

PRECEDA EDUCATION & TRAINING, AU SCHOOL OF FORESTRY

- (C.E.) Timber Income Tax – 12 Hours – **Approved**
(Approved Instructor: Dr. Larry L. Haney, Jr.)

- 6.2 The Board reviewed the following disciplinary report, which was included in their books. On June 12, 2002, a Letter of Warning was issued to a Trainee Real Property Appraiser in connection with the appraisal of a single-family manufactured home in which he signed as the primary appraiser. This disciplinary action will be considered in any future discipline proceedings. The USPAP violations identified in the appraisal report are detailed as follows: The purpose and intended use of the appraisal report are omitted. The site valuation methodology used is not stated. Neighborhood boundaries are not accurately described. The area is classified as suburban when it is rural. Land use is reported 80% single family and 20% vacant land when land use should more accurately reflect 40% single family and 60% vacant. A thirty-foot easement to the subject property is not analyzed. There is a 2-car detached garage reported on the Sales Comparison grid as a 1-car garage. Reconstruction Cost values in the Cost Approach are obtained from the wrong category in Marshall & Swift

that significantly affects the credibility of the final estimate of value. The comparable sales used in the Sales Comparison analysis are not sales as defined by accepted appraisal principals. The record owner of the real property on the date of the appraisal must be reported. Four poultry houses across the street and vacant and deteriorated manufactured and site built homes beside the subject property should be reflected in external depreciation. The following USPAP Standards (2000 Ed.) were violated: 1-1(a), 1-1(b), 1-2(a), 1-2(c), 1-3(a), 1-4(a), 1-4(b)(ii), 2-1(a), 2-1(b), 2-2(a)(iii), 2-2(b)(ii), and the Competency Provision.

On June 18, 2002, Robert G. Andrews (G00084), a Certified General Real Property Appraiser signed a Consent Settlement Order in connection with the appraisal of single-family residences. Terms of the Consent Settlement Order include a public reprimand and a \$300 administrative fine. The discrepancies identified in the appraisal report are detailed as follows: On the supplemental attachment HUD Form-2508 the requirement for repair certification was not properly reported. Licensee checked that all on-site improvements were acceptable completed when in fact they were not completed. Licensee represented that repair requirements were complete when some were not and money was escrowed for completion of the repairs in the transaction for which the appraisal was prepared. The following USPAP Standards (1997 Ed.) were violated: Supplemental Standards and Ethics Provision-Conduct.

On June 12, 2002, a Letter of Warning was issued to a Trainee Real Property Appraiser in connection with the appraisal of a single-family residence in which he signed as the primary appraiser. This disciplinary action will be considered in any future discipline proceedings. The USPAP violations identified in the appraisal report are detailed as follows: Neighborhood boundaries are not described in the report. Failure to use appropriate site valuation methodology. The claim in the addendum of a scarcity of comparable sales in the subject neighborhood is not substantiated. The Investigator found five water view alternate comparable sales in the subject's immediate neighborhood that predated the appraisal report. The comparable sales are reported and analyzed in a careless and negligent manner affecting the credibility of the appraisal report. There were numerous errors such as: sales or financing concessions not reported or analyzed; adjustments for lot characteristics based on inappropriately developed site value; failure to recognize a difference between waterfront and water-view lots; failure to accurately report and analyze improvements to the comparable sales. The following USPAP Standards (2000 Ed.) were violated: 1-1(a), 1-1(c), 1-2(e)(i), 1-4(b)(i), 1-4(e), 2-1(a), 2-1(b), 2-2(b)(iii). Also violated was §34-27A-20(a)(8), Code of Alabama, 1975.

On May 9, 2002, a Letter of Warning was issued to a Certified Residential Real Property Appraiser in connection with the appraisal of a single-family residence in which she signed as the primary appraiser. This disciplinary action will be considered in any future discipline proceedings. The USPAP violations identified in the appraisal report are detailed as follows: Licensee failed to provide descriptive narrative in support of the significant difference between the actual age and estimated age of the subject property and comparable sales. Licensee failed to provide a correct summary statement explaining the methodology used to estimate physical depreciation for the subject property in the Cost Approach. Licensee failed to value the site by an appropriate method or technique. Licensee

disclosed a pending Agreement of Sale for the subject property, but failed to analyze the contract in reaching the value opinion. Licensee failed to provide a meaningful reconciliation summary in support of the Sales Comparison Approach. Even though Licensee stated in the original appraisal reconciliation that the sale located closest to subject, with the least adjustments and lowest adjusted value was the most comparable to the subject, she used the sale with the highest adjusted value as her opinion of value. Licensee failed to accurately state the report date. On two subsequent revisions to the original appraisal Licensee was asked by the lender to provide additional comparables as support for her value. Then she was asked to remove the positive location adjustments on Comps 1 and 2. Both requests resulted in a value change. These changes appear to have taken place over a two-month period. All three reports were dated November 2, 2001. The following USPAP Standards (2001 Ed.) were violated: 1-1(a), 1-4(b)(i), 1-5(a), 2-1(a), 2-1(b), 2-2(b)(vi), and 2-2(b)(ix).

On June 27, 2002, a Letter of Warning was issued to Certified Residential Real Property Appraiser in connection with the appraisal of a single-family residence in which he signed as the primary appraiser. This disciplinary action will be considered in any future discipline proceedings. The USPAP violations identified in the appraisal report are detailed as follows: Licensee failed to identify the client and other intended users. Licensee failed to identify intended use of appraiser's opinions and conclusions. Licensee failed to provide a legal description, even though he stated twice in the report that it was included. Licensee failed to adequately describe neighborhood boundaries and characteristics. Licensee made no mention in the report of a singlewide manufactured home apparent in the photo of the subject's street. Licensee made no meaningful final reconciliation of the opinion of value. Licensee failed to provide sufficient explanation and support for the adjustments applied in the Sales Comparison Approach analysis grid. Licensee states that the report is a "Self Contained" report, but provides information consistent with a Summary report. Licensee failed to provide a summary statement explaining the methodology used to estimate depreciation and remaining economic life. The following USPAP Standards (2001 Ed.) were violated: 1-2(a), 1-2(b), 1-2(e)(i), 1-4(a), 1-4(b)(iii), 2-1(b), 2-2(a), 2-2(b)(iii), 2-2(b)(ix).

Mr. Holland discussed with the Board the investigative status charts where we are averaging for the year a net reduction of six cases per month.

The Discipline Committee met at 10:00 a.m. until 12:00 noon to discuss various disciplinary issues. The committee suggested that when issuing fines for disciplinary matters it should be dealt with on a case-by-case basis with no inflexible schedule of fines.

6.2.1

The Board reviewed Probable Cause Report AB-01-16. On motion by Mr. Farmer and second by Mr. Martin the Board voted to probable cause did exist and to follow the investigators recommendations to proceed with formal investigation. All in favor, motion carried.

The Board reviewed Probable Cause Report AB-01-46. On motion by Mr. Mallory and second by Mr. Farmer the Board voted that violations are present to warrant finding of probable cause. All in favor, motion carried.

The Board reviewed Probable Cause Report AB-01-51. On motion by Mr. Parker and second by Mrs. Mardis the Board voted that probable cause did exist and to follow the investigators recommendations to proceed with formal investigation. All in favor, motion carried.

- 6.2.2 No anonymous complaints reported at this time.
- 6.2.3 No Consent Settlement Orders for review at this time.
- 6.3 No reciprocal agreements to report since last meeting.
- 6.4 The following reciprocal licenses were issued since last Board meeting: Michael Kent, Sr. (G)(GA), James Lott (L)(NV).
- 7.0 The temporary permit report was provided to the Board for their information.
- 8.0 Mr. Tillman discussed with the Board at length the Manufactured Housing Policy Statement. Since there is much to discuss regarding this subject Mr. Parker appointed a Manufactured Housing Committee which consists of Mr. Tillman, Mr. Martin, Chairman, Mrs. Mardis and Randy Robertson, Board Investigator.

Annual Board elections were held at this time with motion by Mr. Martin and second by Mr. Farmer that Mr. Ronald Parker remains Chairman and Mrs. Mardis remain Vice-Chairman. All in favor, motion carried.

On request by a few Board members Mr. Holland compiled a Board meeting attendance summary and included it in the Board books for information.

Mr. Holland discussed with the Board the enclosure in their Board books from the Appraisal Subcommittee regarding the June 11, 2002 legal opinion issued by the Legal Advisory Group of the Federal Financial Institutions Examination Council.
- 9.0 Meeting adjourned at 3:00 p.m.

FRIDAY, July 19, 2002

MEMBERS PRESENT:

Mr. R.L. Farmer, Jr.
Mrs. Jane Mardis
Mr. Mandell Tillman
Mr. Ronald Parker
Mr. Chester Mallory
Mr. Steve Martin

MEMBERS ABSENT:

Mr. Otis Stewart, Jr.
Mr. Gary Carter

Mr. Wilder Cheney

OTHERS PRESENT:

Mr. J.W. Holland, Jr.

Mrs. Lisa Brooks

Ms. Neva Conway

1.0 With quorum present Mr. Parker, Chairman called the meeting to order at 10:00 a.m. The meeting was held at the RSA Union Building, 100 N. Union Street, 4th. Floor Conference Room, Montgomery, Alabama.

2.0 Members present were Mr. Ronald Parker, Mrs. Jane Mardis, Mr. Steve Martin, Mr. Chester Mallory, Mr. R.L. Farmer, Jr. and Mr. Mandell Tillman. Members absent were Mr. Gary Carter, Mr. Wilder Cheney and Mr. Otis Stewart, Jr.

At 10:01 a.m. the Board introduced themselves to the Administrative Law Judge, Milt Belcher who is presiding over the Disciplinary Hearing of Sarah Denise Hall.

9.0 Meeting adjourned at 6:30 p.m. **(NEVA IS THIS THE CORRECT TIME?)**

Sincerely,

Lisa Brooks
Executive Secretary

Lb

APPROVED: _____
Ronald Parker, Chairman